



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

March 13, 1951

SALES FINANCE COMPANIES

January 1951

Retail financing--January purchases of automobile paper acquired were in larger volume than in December for the reporting sales finance companies. The 9 per cent gain in the total dollar volume of retail automobile paper acquired reflected gains in the purchase of instalment paper for all types of vehicles except new passenger cars in which case there was no change.

Outstanding balances of retail automotive paper held at the end of January declined 2 per cent from the level of a month earlier.

January volume of other consumer goods paper was 11 per cent higher than a month earlier. Paper based on sales of refrigerators and household appliances registered sharp gains.

Outstanding balances for goods other than automobiles were 3 per cent below that reported at the end of December.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, December 1950 to January 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+10	+ 9	- 2
Passenger cars: New	+ 1	0	
Used	+17	+18	
Commercial cars: New	+15	+19	
Used	+14	+20	
Other consumer goods: Total		+11	- 3
Furniture, radios, musical instruments		+ 1	
Refrigerators and other household appliances		+18	
Residential building repair and modernization		- 1	
Miscellaneous retail		+18	

Wholesale financing--Reporting companies financed a slightly higher volume of new and used vehicles in January than in December, but outstanding balances on such transactions decreased.

Wholesale financing of other goods in January showed an exceptionally large increase over December. Outstanding balances of such paper also made a large gain.

NOTE.--January data, based on returns from 117 sales finance companies, are compiled in the same manner as those shown in earlier reports. Aggregates represent only the totals for the reporting companies and, since the reporting sample is not identical from month to month, they are not comparable with totals of preceding months.

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Table 1.--Automotive and Diversified Financing by Sales Finance Companies
Indexes of Outstanding Balances: December 31, 1939 = 100 ^{a/}

End of month and year	Total all sales financing	Retail automotive	Wholesale automotive	Wholesale other than automotive	Retail other consumers' goods	Industrial, commercial, and farm equipment
1939.....	100	100	100	100	100	100
1940.....	136	132	169	140	129	131
1941.....	152	149	175	250	148	147
1942.....	53	37	112	40	76	61
1943.....	20	13	40	8	30	27
1944.....	18	15	24	11	26	26
1945.....	22	18	27	38	39	23
1946.....	59	42	90	224	105	59
1947.....	119	88	163	394	226	89
1948.....	174	151	252	454	232	116
1949.....	228	249	216	332	187	107
1950.....	291	325	296	516	177	130
1950-January.....	234	252	250	329	180	110
February.....	234	258	223	398	176	109
March.....	237	265	204	485	172	111
April.....	240	274	186	537	172	112
May.....	250	284	202	537	174	117
June.....	263	298	228	499	179	120
July.....	266	314	163	436	185	123
August.....	274	322	179	424	189	124
September.....	282	330	192	422	192	127
October.....	288	331	240	435	188	128
November.....	291	328	280	478	182	132
December.....	291	325	296	516	177	130
1951-January.....	287	320	291	648	171	132

^{a/} Indexes as of December 31 for the years of 1939, 1940, and 1941 are based on figures reported by sales finance companies on a supplementary report form which accompanied the regular monthly report form for January 1942. Succeeding indexes are derived by calculating the percentage changes of the outstanding balances reported by sales finance companies for each month from those reported by the same companies for the preceding month, and by linking these percentages to the indexes for the preceding month.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies
During January 1951 and Outstanding Balances at End of Month

Class of paper	Paper acquired during month		Outstanding balances, end of month	
	Amount	Percentage of total	Amount	Percentage of total
Total, all classes of paper ^{a/}	\$849,501,787	100	\$3,475,294,473	100
Total loans.....	70,449,184	8	165,561,436	5
Small (personal) loans.....	14,930,669	2	69,314,834	2
Business loans.....	55,518,515	6	96,246,602	3
Total sales financing ^{a/}	779,052,603	92	3,309,733,037	95

^{a/} Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

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Table 3.--Automotive and Diversified Financing by Sales Finance Companies
Paper Acquired During January 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1951		Outstanding balances January 31, 1951 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$237,494,535	\$235,808,423	\$2,504,225,873	9
Total wholesale automotive.....	495,326,575	493,603,726	448,877,935	110
Total wholesale - other than automotive...	24,086,226	23,303,251	48,492,899	48
Total retail - other consumers' goods.....	21,433,991	19,475,815	265,363,767	7
Industrial, commercial, and farm equipment	10,830,471	10,602,117	98,871,477	11
Total sales financing.....	\$789,171,798	\$782,793,332	\$3,365,831,951	23

a/ Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

b/ Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

Table 4.--Number of Cars Financed and Volume of Paper Acquired
by Sales Finance Companies During January 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	242,762	100	\$230,355,967 <u>a/</u>	100
New passenger cars.....	82,339	34	108,082,193	47
New commercial cars.....	11,895	5	16,754,114	7
Used passenger cars.....	137,480	57	97,421,702	42
Used commercial cars.....	11,048	4	8,097,958	4
Total wholesale automotive.....	313,898	100	\$488,823,858 <u>a/</u>	100
New cars (passenger and commercial)..	280,494	89	454,641,238	93
Used cars (passenger and commercial)..	33,404	11	34,182,620	7

a/ Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. These amounts are less than those reported in table 3 due to the exclusion of some data for which breakdowns were not available.

Table 5.--Volume of Diversified Sales Financing During January 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,995,887	11
Refrigerators and other household appliances.....	5,529,972	10
Residential building repairs and modernization.....	2,282,366	4
Miscellaneous retail.....	6,273,999	11
Total retail - other consumers' goods.....	\$20,082,224 <u>a/</u>	36
Total wholesale - other than automotive.....	24,086,226	44
Industrial, commercial, and farm equipment.....	10,830,471	20
Total diversified financing.....	\$54,998,921	100

a/ Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. This amount is less than that reported in table 3 due to the exclusion of some data for which breakdowns were not available.